\$2 million of annual aggregate assurance by the first-occurring effective date anniversary of any one of the mechanisms combined (other than a financial test or guarantee) to provide assurance.

- (g) The amounts of assurance required under this section exclude legal defense costs.
- (h) The required per-occurrence and annual aggregate coverage amounts do not in any way limit the liability of the owner or operator.

§ 280.94 Allowable mechanisms and combinations of mechanisms.

- (a) Subject to the limitations of paragraphs (b) and (c) of this section,
- (1) An owner or operator, including a local government owner or operator, may use any one or combination of the mechanisms listed in §§280.95 through 280.103 to demonstrate financial responsibility under this subpart for one or more underground storage tanks, and
- (2) A local government owner or operator may use any one or combination of the mechanisms listed in §§ 280.104 through 280.107 to demonstrate financial responsibility under this subpart for one or more underground storage tanks.
- (b) An owner or operator may use a guarantee under §280.96 or surety bond under §280.98 to establish financial responsibility only if the Attorney(s) General of the state(s) in which the underground storage tanks are located has (have) submitted a written statement to the implementing agency that a guarantee or surety bond executed as described in this section is a legally valid and enforceable obligation in that state.
- (c) An owner or operator may use self-insurance in combination with a guarantee only if, for the purpose of meeting the requirements of the financial test under this rule, the financial statements of the owner or operator are not consolidated with the financial statements of the guarantor.

 $[53\ FR\ 43370,\ Oct.\ 26,\ 1988,\ as\ amended\ at\ 58\ FR\ 9051,\ Feb.\ 18,\ 1993]$

§ 280.95 Financial test of self-insurance.

(a) An owner or operator, and/or guarantor, may satisfy the require-

ments of §280.93 by passing a financial test as specified in this section. To pass the financial test of self-insurance, the owner or operator, and/or guarantor must meet the criteria of paragraph (b) or (c) of this section based on year-end financial statements for the latest completed fiscal year.

- (b)(1) The owner or operator, and/or guarantor, must have a tangible net worth of at least ten times:
- (i) The total of the applicable aggregate amount required by §280.93, based on the number of underground storage tanks for which a financial test is used to demonstrate financial responsibility to EPA under this section or to a state implementing agency under a state program approved by EPA under 40 CFR part 281;
- (ii) The sum of the corrective action cost estimates, the current closure and post-closure care cost estimates, and amount of liability coverage for which a financial test is used to demonstrate financial responsibility to EPA under 40 CFR 264.101, 264.143, 264.145, 265.145, 265.147, and 265.147 or to a state implementing agency under a state program authorized by EPA under 40 CFR part 271; and
- (iii) The sum of current plugging and abandonment cost estimates for which a financial test is used to demonstrate financial responsibility to EPA under 40 CFR 144.63 or to a state implementing agency under a state program authorized by EPA under 40 CFR part 145.
- (2) The owner or operator, and/or guarantor, must have a tangible net worth of at least \$10 million.
- (3) The owner or operator, and/or guarantor, must have a letter signed by the chief financial officer worded as specified in paragraph (d) of this section.
- (4) The owner or operator, and/or guarantor, must either:
- (i) File financial statements annually with the U.S. Securities and Exchange Commission, the Energy Information Administration, or the Rural Electrification Administration; or
- (ii) Report annually the firm's tangible net worth to Dun and Bradstreet, and Dun and Bradstreet must have assigned the firm a financial strength rating of 4A or 5A.